

P R E S S R E L E A S E

New climate laws need partnering with a real EU industrial strategy

Brussels, 20 December 2022: “This weekend’s EU agreement on the Carbon Border Adjustment Mechanism and Emissions Trading System sets a challenging pathway forward for European metals producers. The case has never been stronger for a partnering EU industrial policy to prevent deindustrialisation from today’s energy crisis threat and encourage investment in the face of US subsidies”, said Guy Thiran, Director General of Eurometaux (Europe’s metals association).

“Metals are demanded in [ever-higher quantities](#) for Europe’s clean energy goals, and we’re committed to supplying them in line with the 2050 climate-neutrality target. But the harsh reality is that Europe today is a very difficult region to do business in. The energy crisis is crippling many of our companies, while China and now the US are rolling out the red carpet for attracting new metals investment. We face a genuine risk of deindustrialisation, with the enabling industries for Europe’s climate leadership rebuilt elsewhere”.

High European electricity prices have taken 50% of the EU’s aluminium and zinc capacity offline in the last year, and 30% of EU silicon capacity. Leaders in the sector have [publicly warned](#) of the existential threat to their operations and the worsened investment climate for strategic metals supply. In the same period, the US Inflation Reduction Act has introduced lavish subsidies to bring new investments into critical minerals supply chains and support decarbonisation efforts. China has already built up a dominant position in global metals supply chains after 15 years of state support.

Evangelos Mytilineos, Eurometaux’s President and CEO of Mytilineos, continued: “The EU’s new climate package maintains Europe’s ‘stick’ approach for decarbonising its industry. But to compete in the new global reality, our companies urgently need Europe to partner its climate policy with a “carrot” that rivals other regions. President von der Leyen’s new plan for a [“structural solution”](#) must now really deliver, through concrete and immediate measures. We will continue suggesting a package of effective policy tools for a competitive EU industrial electricity supply, aligned with the Green Deal and our decarbonisation pathway”.

The EU’s new climate rules require a major transition for energy-intensive industries in the next 12 years, where free allowances from the ETS are intended to be progressively ‘replaced’ by a carbon border tax. As well as a major increase in production costs for European producers, two big open questions remains that are critical to their global competitiveness: how the CBAM will provide effective protection from indirect emissions costs, and a lack of certainty on whether companies will eventually be given a solution to keep their exports competitive.

Mr Mytilineos concluded: “We have three early requests for a real EU industrial strategy that will enable our recovery and new strategic investments, complementing next year’s Critical Raw Materials Act. First, regulatory predictability for the 15 years ahead, including the details from this weekend’s agreement. Second, tangible EU action granting industry access to sufficient and affordable decarbonised electricity. Third, simpler and stronger finance for our decarbonisation investments, new supply chain capacity, and energy crisis recovery”.

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About Eurometaux: Eurometaux is a trade association representing the collective European non-ferrous metals industry, including miners, smelters, refiners, fabricators and recyclers. The industry employs 500,000 people across over 900 facilities, with an annual turnover of €120bn.



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Notes to Editors

European Commission President Ursula von der Leyen [announced](#) last week that the EU will respond to the US Inflation Reduction Act with a package of actions in 2023, including more flexible state aid rules at the start of the year, and a proposal for EU-level finance and support by Summer 2023.

The European Commission will also release its Critical Raw Materials Act by April 2023, a package of legislation to improve the investment conditions for the strategic metals and minerals needed in Europe's energy and digital transitions. Critical minerals are already at the heart of the US Inflation Reduction Act and its subsidy package.

Eurometaux has released a [study](#) with KU Leuven in April 2022 quantifying Europe's clean energy needs for base metals, battery materials, rare earths and other strategic metals, and the need for investing into domestic capacity while securing diversified and responsible global supply.

We have also provided a set of [recommendations](#) of how the Critical Raw Materials Act can catch Europe up in the global race for metals and minerals supply.

In response to the energy crisis and its critical impacts on Europe electricity-intensive primary metals production, Eurometaux has also put forward several proposals for ensuring their survival and recovery, in line with the EU Green Deal and decarbonisation pathways. As well as a rapid build up of renewables capacity across the EU, these include measures such as:

- Full compensation of indirect carbon costs from the EU Emissions Trading System across all Member States
- A "[Green Pool](#)" model for Member States to address the high balancing costs that prevent electricity-intensive metals producers from using = variable renewable energy sources in their baseload operations
- An emergency EU fund for supporting the recovery Europe's energy-intensive industries from the current energy crisis

